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Mr B Lentz

8 May 2006

Our Ref:

Your Ref:

Dear Mr Lentz

## **15 Year Long Stop on Complaints**

Thank you for your email of 25 April to David Kenmir, which the Consumer Contact Centre passed to me for reply.

You raised several queries over the course of your correspondence, so I shall seek to address each point in turn.

Firstly, the 15-year time limit does not apply to complaints referred to the Financial Ombudsman Service (FOS). I appreciate that you received an e-mail in October 2004 from our Firm Contact Centre that indicated that such a limit did apply. This was incorrect. I am very sorry that incorrect information was provided; we are reviewing how this occurred and in the meantime have taken steps to ensure that our contact centres are fully aware of the correct position.

To respond to your specific point regarding our rules, s.13 (1) of Schedule 17 of the Financial Services and Markets Act (FSMA) (<http://www.opsi.gov.uk/acts/acts2000/00008-bf.htm#sch17>) requires us to set time limits, we have done within the Dispute Resolution Sourcebook (DISP) - see DISP 2.3: <http://fsahandbook.info/FSA/html/handbook/DISP/2/3>. The rules set out the time limits that do apply, rather than stating limits which do not, and therefore there is no rule which applies a 15-year limit. I should also reiterate that the rules set out in DISP apply to *all* authorised firms. There is thus no question of the FSA acting in a way which is inconsistent with judgements by the House of Lords.

We recently set out the position in a letter to the IFA Defence Union, which was published on our website at [http://www.fsa.gov.uk/pubs/other/letter\\_ifadu.pdf](http://www.fsa.gov.uk/pubs/other/letter_ifadu.pdf). The relevant extract is as follows:

"in some quarters, there is surprise that the Ombudsman is not subject to the 15 year long-stop limit that governs court claims in negligence. The Policy Statement [PS 158] .....covered this ground, noting that there was no requirement for the rules to follow the time

limits for court claims (although, as a matter of policy, they generally do). The Statement also explained that, having regard to the long-term nature of retail financial services products (such as pensions and endowments), "we do not consider it is in the interests of consumers to rule out the possibility of complaints being dealt with outside the 15 year period that would apply to court cases. Nor do we consider this necessary to prevent hardship to firms".

You also referred to issue 34 of the Ombudsman News, which again confirms that the 15-year rule does not prevent the Ombudsman from considering complaints about events that took place over 15 years ago.

Finally, I apologise again that we provided you with incorrect information.

I hope that this has clarified the position.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart King', written in a cursive style.

Stuart King